

LIBERTY PUBLISHING & MEDIA LIMITED

Registered Number: 3137730

**ANNUAL REPORT
YEAR ENDED 31 AUGUST 2000**



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Liberty Publishing & Media Limited

Directors, Officers and Registered Office

Directors

R J Fallowfield
J M Griffiths
W C Najdecki
J Byrne

Secretary

R J Fallowfield

Auditors

PKF
Chartered Accountants
New Garden House
78 Hatton Garden
London EC1N 8JA

Bankers

HSBC Bank plc
PO Box 648
Poultry & Princes Street
London EC2P 2BX

Registered Office

87-135 Brompton Road
Knightsbridge
London SW1X 7XL

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company and Group for the year ended 31 August 2000, which show the state of the Group's affairs.

Review of Business

At the beginning of the year a decision was made to focus efforts on mainstream publishing, and therefore divest from broadcasting. This decision resulted in a successful disposal of the whole of the issued share capital of Liberty Radio Limited on 31 July 2000. Punch magazine continued with its previously successful policy of focusing on stories which mainstream media initially declined to run. With the development of the Punch website, the full focus of efforts will now be on developing Liberty's publishing interests.

Results and Dividends

The Group loss after taxation for the year ended 31 August 2000 amounted to £1,056,480

The Directors are unable to recommend the payment of a dividend and an amount of £1,056,480 has been transferred out of reserves.

Principal Activity

The Company's principal activity is to acquire and manage trading businesses in publishing and broadcasting.

Directors and their Interests

R J Fallowfield

J M Griffiths

W C Najdecki

J Byrne (appointed 7 February 2000)

P D Hall (appointed 18 July 2000 resigned 17 February 2001)

N J Rodford (resigned 5 February 2000)

In accordance with the Articles of Association, no Director is required to seek re-election at the forthcoming Annual General Meeting.

No Director in office at 31 August 2000 held any beneficial interest in the shares of Liberty Publishing and Media Limited, or any of its subsidiaries at 1 September 1999, or at the date of appointment, or at 31 August 2000.

No Director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business.

DIRECTORS' REPORT

The Environment

The Company has continued to adopt policies and procedures which take account of the need to preserve and protect the environment. The Directors are committed to compliance with environmental best practice in all aspects of the business.

Policy on payment of creditors

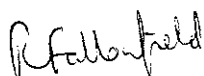
It is the Company's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full. The Company is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers.

The group takes on average 11 days to pay its creditors. (1999: 21 days)

Auditors

PKF have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



R J Fallowfield
Secretary
13th March 2001

Statement of Directors' Responsibilities

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors have prepared the financial statements on pages 6 to 22 on a going concern basis and consider that the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**AUDITORS' REPORT TO THE SHAREHOLDER LIBERTY PUBLISHING
AND MEDIA LIMITED**

We have audited the financial statements on pages 6 to 22 which have been prepared under the accounting policies set out on page 10 and 11.

Respective Responsibilities of Directors and Auditors

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

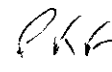
In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the continuing support that has been indicated by the ultimate parent company and the consequent adoption of the going concern basis for the preparation of the accounts.

In view of the significance of this matter we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 31 August 2000 and the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London
13th March 2001


PKF
Registered Auditors

CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2000

Note		Continuing Operations Year to 31/8/00 £'000	Discontinued Operations Year to 31/8/00 £'000	Total Year to 31/8/00 £'000	Total Year to 31/8/99 £'000
2,3	TURNOVER	293	132	425	471
	External charges	(1,680)	(819)	(2,499)	(2,544)
2,4	Staff costs	(680)	(429)	(1,109)	(1,241)
	Depreciation	(22)	(87)	(109)	(191)
	Amortisation of Goodwill	(85)	-	(85)	(93)
2,6	OPERATING LOSS	(2,174)	(1,203)	(3,377)	(3,598)
	Profit on disposal of discontinued operation	-	2,341	2,341	-
	Profit on ordinary activities before interest			(1,036)	(3,598)
7	Interest payable and similar charges			(20)	(14)
20	LOSS FOR THE FINANCIAL YEAR			(1,056)	(3,612)


There were no recognised gains or losses other than those shown above. The movements on reserves are shown in Note 20.

Liberty Publishing & Media Limited

**CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2000**

Note	As at 31/8/00 £'000	As at 31/8/99 £'000
FIXED ASSETS		
9 Intangible assets	500	855
10 Tangible assets	23	375
	<u>523</u>	<u>1,230</u>
CURRENT ASSETS		
12 Stock	26	31
13 Debtors (Amounts falling due within one year)	296	146
Cash at bank and in hand	50	40
	<u>372</u>	<u>217</u>
15 CREDITORS (Amounts falling due within one year)	(1,223)	(407)
	<u>(851)</u>	<u>(190)</u>
NET CURRENT LIABILITIES		
	(851)	(190)
TOTAL ASSETS LESS CURRENT LIABILITIES		
	(328)	1,040
16 CREDITORS (Amounts falling due after more than one year)	(3,237)	(3,692)
18 PROVISIONS FOR LIABILITIES AND CHARGES	(246)	(103)
	<u>(3,811)</u>	<u>(2,755)</u>
CAPITAL AND RESERVES		
19 Called up share capital	19,250	19,250
20 Profit and loss account	(23,061)	(22,005)
21 SHAREHOLDERS' FUNDS	<u>(3,811)</u>	<u>(2,755)</u>

Approved by the Board on 13th March 2001.


W C Najdecki
Director


The notes on pages 10 to 22 form an integral part of these accounts.

Liberty Publishing & Media Limited

**BALANCE SHEET
AS AT 31 AUGUST 2000**

Note		As at 31/8/00 £'000	As at 31/8/99 £'000
	FIXED ASSETS		
9	Intangible assets	500	500
10	Tangible assets	9	26
11	Investments	-	-
		<u>509</u>	<u>526</u>
	CURRENT ASSETS		
13	Debtors (Amounts falling due within one year)	224	7
14	Debtors (Amounts falling due after more than one year)	-	188
	Cash at bank and in hand	43	8
		<u>267</u>	<u>203</u>
15	CREDITORS (Amounts falling due within one Year)	<u>(1,014)</u>	<u>(78)</u>
	NET CURRENT (LIABILITIES)/ASSETS	(747)	125
	TOTAL ASSETS LESS CURRENT LIABILITIES	(238)	651
16	CREDITORS (Amounts falling due after more than one year)	<u>(3,237)</u>	<u>(3,692)</u>
		<u>(3,475)</u>	<u>(3,041)</u>
	CAPITAL AND RESERVES		
19	Called up share capital	19,250	19,250
20	Profit and loss account	(22,725)	(22,291)
20	SHAREHOLDERS' FUNDS	<u>(3,475)</u>	<u>(3,041)</u>

Approved by the Board on 13th March 2001.


W C Najdecki
Director

The notes on pages 10 to 22 form an integral part of these accounts.

**CONSOLIDATED CASHFLOW STATEMENT
YEAR ENDED 31 AUGUST 2000**

Note		Year to 31/8/00 £'000	Year to 31/8/99 £'000
22	Net cash outflow from operating activities	(2,273)	(3,919)
23	Returns on investments and servicing of finance	(20)	(14)
	Taxation		
	Group relief	-	1,133
23	Capital expenditure and Financial investments	(56)	(26)
23	Disposal of subsidiary	2,828	-
	Net cash inflow/(outflow) before financing	479	(2,826)
	Financing		
	Repayment of loans	(455)	(16,867)
	Capital element of finance loans repayment	(15)	(37)
	Issue of shares for cash	-	19,250
	Net cash (outflow)/inflow from financing	(470)	2,346
	Increase/(decrease) in cash in the year	10	(480)
	Reconciliation of net cash flow to movement in net debt		
	Increase/(decrease) in cash in the year	10	(480)
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	470	(16,904)
	Movement in net debt in the year	480	(16,424)
	Net debt at 1 September 1999	(3,667)	(20,091)
24	Net debt at 31 August 2000	(3,187)	(3,667)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Accounting Convention

The financial statements have been prepared under the historical cost convention and comply with the disclosure requirements of the Companies Act 1985 and applicable accounting standards.

b) Going Concern

The Group has a deficit of shareholder's funds at 31 August 2000 and since that date the Group has continued to make losses. The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. In concluding that it is appropriate to adopt the going concern basis in preparing these financial statements the Directors have had regard to the indications received from Liberty Holdings Limited that continued funding will be made available to finance the Group's working capital requirements for the foreseeable future. Although there is no legal obligation for Liberty Holdings Limited to provide this continued support, the Directors are confident that such funding will be forthcoming.

c) Basis of Consolidation and accounting for Goodwill

The financial statements incorporate the audited assets and liabilities, results and cash flows of subsidiary undertakings for the year. The results and cash flows of Liberty Radio Limited are included up to 31 July 2000, the date of its sale outside the Group. Goodwill arising on consolidation of Liberty Radio Limited was capitalised and written off on a straight-line basis over its estimated useful life of 7 years. Unamortised goodwill at the date of the disposal of this company has been taken into account in determining the profit on disposal.

d) Stocks

Stocks are stated at the lower of cost and net realisable value.

e) Depreciation

Depreciation is provided by the Company in order to write down to estimated residual value, if any, the cost or valuation of tangible fixed assets over their estimated useful lives by equal annual instalments, on the following basis:

Short leasehold improvements	10%
Machinery, fixtures and equipment	20% and 33%

NOTES TO THE ACCOUNTS.....contd

1. ACCOUNTING POLICIES ...contd

f) Deferred Taxation

Deferred taxation is provided in respect of differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Provision has been made where a tax liability is expected to crystallise.

g) Leasing

Assets acquired under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

h) Pension Costs

The cost of defined contribution pensions represent the contributions payable by the company during the year.

2. CONTINUING AND DISCONTINUED OPERATIONS

The analysis of continuing and discontinued operations for the previous year are shown below. Discontinued operations relate wholly to the sale of Liberty Radio Limited, which has been sold in the current year.

	Continuing Operations Year to 31/8/99 £'000	Discontinued Operations Year to 31/8/99 £'000	Total Year to 31/8/99 £'000
TURNOVER	339	132	471
External charges	(1,349)	(1,195)	(2,544)
Staff costs	(726)	(515)	(1,241)
Depreciation	(94)	(97)	(191)
Amortisation of Goodwill	(93)	-	(93)
	(2,262)	(1,807)	(4,069)
OPERATING LOSS	(1,923)	(1,675)	(3,598)

NOTES TO THE ACCOUNTS.....contd

3. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

	Year to 31/8/00 £'000	Year to 31/8/99 £'000
Books	11	18
Radio Advertising	132	132
Magazine sales, advertising and Punch merchandise	282	321
	<u>425</u>	<u>471</u>

4. STAFF COSTS

	Year to 31/8/00 £'000	Year to 31/8/99 £'000
Wages and salaries	969	1,103
Social Security costs	104	104
Other pension costs	36	34
	<u>1109</u>	<u>1,241</u>

Average number employed by the group during the period:

	Number	Number
Editorial and Programming	25	24
Sales and Marketing	7	9
Finance and Administration	5	6
	<u>37</u>	<u>39</u>

	Year to 31/8/00 £'000	Year to 31/8/99 £'000
Directors' emoluments:		
Emoluments	<u>62</u>	<u>51</u>

Other directors, apart from the above, received no emoluments directly from the Company during the year.

NOTES TO THE ACCOUNTS.....contd

5. TAXATION

No taxation charge has been provided in the accounts, based on the results of the year (1999: £nil). The group has unutilised tax losses at the end of the year end for set off against future trading profits.

6. OPERATING LOSS	Year to 31/8/00 £'000	Year to 31/8/99 £'000
Operating Loss is stated after charging:		
Staff Costs	1,109	1,241
Depreciation of tangible fixed assets		
owned assets	93	173
Assets under lease	16	18
Auditors' remuneration		
Audit services	24	15
Non audit services	10	3
Operating lease rentals		
Land and buildings	114	177
Other	14	18

7. INTEREST PAYABLE	Year to 31/8/00 £'000	Year to 31/8/99 £'000
Payable to group undertakings:		
Loans wholly or partly repayable after 5 years	15	5
Finance lease interest	5	9
	<u>20</u>	<u>14</u>

8. LOSS FOR THE FINANCIAL PERIOD

No profit and loss account is presented for Liberty Publishing & Media Limited in accordance with the exemption provided by Section 230 of the companies Act 1985. The company's loss for the financial period amounts to £434,298.

NOTES TO THE ACCOUNTS.....contd

9. INTANGIBLE ASSETS

Group	Goodwill	Publishing Rights and Archive	Total
Cost	£'000	£'000	£'000
At 1.9.99	648	500	1,148
Disposal	(648)	-	(648)
At 31.8.00	-	500	500
Amortisation			
At 1.9.99	293	-	293
Provided during period	85	-	85
Disposals	(378)	-	(378)
At 31.8.00	-	-	-
Net Book Value			
At 31.8.00	-	500	500
At 31.8.99	355	500	855

Goodwill arose on the acquisition of Liberty Radio Limited.

Punch publishing rights and archives are recorded at acquisition cost and not amortised. Based on annual reviews, any permanent impairment in value of these assets is written off against earnings.

Company

	Publishing Rights and Archive £'000
Cost:	
At 1.9.99	500
At 31.8.00	<u>500</u>
Net Book Value	
At 31.8.00	500
At 31.8.99	<u>500</u>

Punch publishing rights and archives are recorded at acquisition cost of £500,000 and not amortised. Based on annual reviews, any permanent impairment in value of these assets is written off against earnings.

NOTES TO THE ACCOUNTS.....contd

10. TANGIBLE ASSETS

Group	Short leasehold improvements £'000	Machinery, fixtures and equipment £'000	Total £'000
Cost:			
At 31.8.99	373	1,082	1,455
Additions	-	7	7
Disposals	-	(7)	(7)
Disposals on Sale of subsidiary	(364)	(652)	(1,016)
At 31.8.00	9	430	439
Depreciation:			
At 31.8.99	330	750	1,080
Provision for year	12	97	109
Disposals	-	(4)	(4)
Disposals on Sale of subsidiary	(338)	(431)	(769)
At 31.8.00	4	412	416
Net book amount			
At 31.8.00	5	18	23
At 31.8.99	43	332	375
Company			
Cost:			
At 31.8.99	-	92	92
Additions	-	-	-
Disposals	-	(7)	(7)
At 31.8.00	-	85	85
Depreciation:			
At 31.8.99	-	66	66
Provision for year	-	14	14
Disposals	-	(4)	(4)
At 31.8.00	-	76	76
Net Book amount			
At 31.8.00	-	9	9
At 31.8.99	-	26	26

NOTES TO THE ACCOUNTS.....contd

11. INVESTMENTS

Cost	£'000
At 31.8.99	21,858
Capitalisation of Loan	1,505
Disposal of subsidiary	(12,093)
At 31.8.00	<u>11,270</u>
Provision at 1.9.99	21,858
Release of provision no longer required	(10,588)
Provision at 31.8.00	<u>11,270</u>
Net book amount	
At 31.8.00	<u>-</u>
At 31.8.99	<u>-</u>

**On 31 July 2000 the group completed the sale of Liberty Radio Limited.
The disposal is analysed as follows:**

Net Assets disposed of:	£'000
Fixed Assets	247
Debtors	58
Cash	1
Creditors	(87)
Goodwill	269
	<u>488</u>
Costs of disposal	171
Profit on disposal	2,341
	<u>3,000</u>
Satisfied by:	
Cash received	2,800
Cash deferred	200
	<u>3,000</u>

NOTES TO THE ACCOUNTS.....contd

11. INVESTMENTS (continued)

The Company's subsidiary undertakings at 31 August 2000, which are all 100% owned, are as follows:

	Activity
Punch Limited	Publishing
Brompton Press Limited	Publishing
The Liberty Broadcasting Company Limited	Non-trading
Liberty Entertainments Limited	Non-trading
Liberty Films Limited	Non-trading
Liberty Sounds Limited	Non-trading
Liberty Videos Limited	Non-trading
LBC Group Limited	Non-trading
LBC News Limited	Non-trading
LBC Newstalk Limited	Non-trading
LBC Radio Limited	Non-trading

12. STOCKS

	As at 31/8/00 £'000	As at 31/8/99 £'000
Group		
Raw materials and consumables	13	13
Work in Progress	9	13
Finished goods for resale	4	5
	<u>26</u>	<u>31</u>

The company has no stock.

13. DEBTORS (Amounts falling due within one year)

	Group 31/8/00 £'000	Group 31/8/99 £'000	Company 31/8/00 £'000	Company 31/8/99 £'000
Trade debtors	16	37	6	-
Other debtors	227	15	215	3
Prepayments and accrued income	53	94	3	4
	<u>296</u>	<u>146</u>	<u>224</u>	<u>7</u>

14. DEBTORS (Amounts falling due after more than one year)

	Group 31/8/00 £'000	Group 31/8/99 £'000	Company 31/8/00 £'000	Company 31/8/99 £'000
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>-</u>	<u>188</u>

NOTES TO THE ACCOUNTS.....contd

15. CREDITORS (Amounts falling due within one year)

	Group 31/8/00 £'000	Group 31/8/99 £'000	Company 31/8/00 £'000	Company 31/8/99 £'000
Trade creditors	50	132	6	17
Other creditors	921	80	891	50
Accruals and deferred income	252	180	117	11
Finance Lease obligations	-	15	-	-
	<u>1,223</u>	<u>407</u>	<u>1,014</u>	<u>78</u>

16. CREDITORS (Amounts falling due after more than one year)

	Group 31/8/00 £'000	Group 31/8/99 £'000	Company 31/8/00 £'000	Company 31/8/99 £'000
Amounts owed to parent Undertaking	<u>3,237</u>	<u>3,692</u>	<u>3,237</u>	<u>3,692</u>

17. FINANCE LEASES

Group	31/8/00 £'000	31/8/99 £'000
Gross rentals payable:		
Within 1 year	-	19
between 1 and 5 years	-	-
after 5 years	-	-
All future finance charges	-	(4)
	<u>-</u>	<u>15</u>

The Company has no finance lease obligations.

18. PROVISIONS

	Legal costs £'000	Property £'000	Total £'000
Balance at 1 September 1999	50	53	103
New Provisions	227	-	227
Charge for the year	(31)	(53)	(84)
Balance at 31 August 2000	<u>246</u>	<u>-</u>	<u>246</u>

Provision was made for legal costs associated with the publication of Punch Magazine. The property provision was for the outstanding lease and other associated costs for the Castlereagh Street premises as at 31 August 1999.

NOTES TO THE ACCOUNTS.....contd

19. SHARE CAPITAL	31/8/00 £	31/8/99 £
Authorised:		
20,000,000 ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
Allotted and fully paid:		
19,250,100 ordinary shares of £1 each	<u>19,250,100</u>	<u>19,250,100</u>

20. PROFIT AND LOSS RESERVES	Group £'000	Company £'000
At 1 September 1999	(22,005)	(22,291)
Transfer from profit and loss account for the year	(1,056)	(434)
At 31 August 2000	<u>(23,061)</u>	<u>(22,725)</u>

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	Group £'000	Company £'000
Loss for the financial year	(1,056)	(434)
New share capital allotted	-	-
Net reduction in shareholders' funds	<u>(1,056)</u>	<u>(434)</u>
Opening shareholders' funds	(2,755)	(3,041)
Closing shareholders' funds	<u>(3,811)</u>	<u>(3,475)</u>

22. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS	Continued Operations £'000	Discontinued Operations £'000	Total Year to 31/8/00 £'000	Total Year to 31/8/99 £'000
Operating loss	(2,174)	(1,203)	(3,377)	(3,598)
Depreciation charge	22	87	109	191
Amortisation of goodwill	85	-	85	93
Loss on disposal of tangible assets	3	-	3	33
Loss on disposal of current asset investments	49	-	49	-
(Increase)/decrease in stock	5	-	5	26
(Increase)/decrease in debtors	(210)	2	(208)	162
Increase/(decrease) in creditors	944	(26)	918	(929)
Provisions	<u>196</u>	<u>(53)</u>	<u>143</u>	<u>103</u>
Net cash outflow from operating activities	<u>(1,080)</u>	<u>(1,193)</u>	<u>(2,273)</u>	<u>(3,919)</u>

NOTES TO THE ACCOUNTS.....contd

23. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT	Year to 31/8/00 £'000	Year to 31/8/99 £'000
Returns on investment and servicing of finance		
Interest paid	(15)	(5)
Interest element of finance lease repayments	(5)	(9)
Net cash outflow from returns on investment and servicing of finance	(20)	(14)
Capital expenditure and Financial Investments		
Purchase of equipment	(7)	(28)
Purchase of shares	(168)	-
Proceeds from sale of assets	-	2
Proceeds from disposal of current asset investments	119	-
	(56)	(26)
Acquisitions and Disposals		
Proceeds on sale of subsidiary	3,000	-
Costs of sale of subsidiary	(171)	-
Cash transferred with subsidiary	(1)	-
	2,828	-

24. ANALYSIS OF NET DEBT

	At 1/9/99 £'000	Cash flow £'000	At 31/8/00 £'000
Cash at bank and in hand	40	10	50
Debt due after one year	(3,692)	455	(3,237)
Finance leases	(15)	15	-
	(3,667)	480	(3,187)

25. OPERATING LEASE COMMITMENTS

The Group had annual commitments under non-cancellable operating leases as set out below:

	Group 31/8/00 £'000	Group 31/8/99 £'000	Company 31/8/00 £'000	Company 31/8/99 £'000
Rent within 1 year	-	34	-	-
Other operating leases which expire				
Within 1 year	-	1	-	-
Between 2 and 5 years	13	12	13	12
	13	47	13	12

NOTES TO THE ACCOUNTS.....contd

26. RELATED PARTIES

As part of their employment, Directors and senior employees of the Group can purchase goods from Harrods Store using a staff account card. The amounts of goods purchased by the Directors are not considered to be material either to the Group or the individuals. There are no other transactions between these individuals and the Group, other than as shown in Note 4 to the financial statements.

At the balance sheet date there were arm's length agreements between the Group and various related companies to provide management, security, property and maintenance services. These companies have directors in common with the Group. The value of these transactions during the period were:-

	Year to 31/8/00		Year to 31/8/99	
	Purchases	Sales	Purchases	Sales
	£	£	£	£
Genavco Insurance Ltd	45,904	-	56,638	-
Harrods (UK) Ltd	262,060	-	320,815	-
Harrods Ltd	55,911	14,158	81,331	6,925
Metro Business Aviation Ltd	5,058	4,146	3,378	17,837
The People's Trust	20,750	10,107	12,412	1,498
Hyde Park Residence Ltd	-	-	6,967	1,686
Fulham Football Leisure Ltd	-	-	3,639	43,677
FL Property Management Ltd	-	-	-	76
The Ritz Hotel Limited	-	2,750	-	3,450
ACF Sevenoaks	-	-	-	1,911
Globexplorer Inc.	-	900	-	-
Harrods On-Line Ltd	-	9,820	-	-
The Map Factory Inc.	-	10,057	-	-
Harrods International Ltd	-	1,750	-	-
Harrods Natural Resources Inc.	-	26,250	-	-
Fulham Stadium Ltd	-	132	-	-
	<u>389,683</u>	<u>80,070</u>	<u>485,180</u>	<u>77,060</u>

No disclosure has been made of any transactions within these financial statements with subsidiaries in accordance with the exemptions allowed under Financial Reporting Standard No. 8.

NOTES TO THE ACCOUNTS.....contd

26. RELATED PARTIES

At the balance sheet date the Debtors and Creditors for the Group included the following balances:

	<u>Debtors £</u>	<u>Creditors £</u>
Harrods On-line Ltd	4,941	-
Globexplorer inc.	900	-
Metro Business Aviation Ltd	-	1398
The Ritz Hotel Limited	750	-
Harrods Limited	2,100	682,186
Harrods (UK) Limited	-	158,129
	<u>8,691</u>	<u>841,713</u>

Analysis of the movement of the loan from Liberty Holdings Limited:

	<u>Year to 31/8/00 £</u>	<u>Year to 31/8/99 £</u>
Advances made during the year	2,245,000	3,692,017
Repayment of loan	(2,700,000)	-
Net increase/(reduction) in loan	<u>(455,000)</u>	<u>3,692,017</u>
Opening balance	3,692,017	-
Closing balance	<u>3,237,017</u>	<u>3,692,017</u>

27. PENSIONS

The Group participated in the Liberty Publishing and Media Group Personal Pension Plan, which is a money purchase scheme.

The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge of £35,525 (1999: £34,320) represents contributions by the Group to the pension funds.

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 August 2000 the ultimate parent undertaking of Liberty Publishing and Media Limited was Liberty Holdings Limited, a company incorporated in Jersey, which is owned and controlled by M. Al Fayed, the ultimate controlling party.

Liberty Publishing & Media Limited

**COMPANY PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2000
FOR CONSOLIDATION PURPOSES ONLY**

	Year to 31/8/00 £'000	Year to 31/8/99 £'000
TURNOVER		
Other operating Income	<u>160</u>	<u>350</u>
External charges	(150)	(115)
Staff Costs	(121)	(98)
Depreciation	(14)	(19)
Provision for diminution in value of investments	(1,644)	(3,564)
OPERATING LOSS	<u>(1,769)</u>	<u>(3,446)</u>
Exceptional item	1,350	-
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST	<u>(419)</u>	<u>(3,446)</u>
Net interest payable	(15)	(5)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(434)</u>	<u>(3,451)</u>
Tax on loss on ordinary activities	-	-
LOSS FOR THE FINANCIAL YEAR	<u><u>(434)</u></u>	<u><u>(3,451)</u></u>